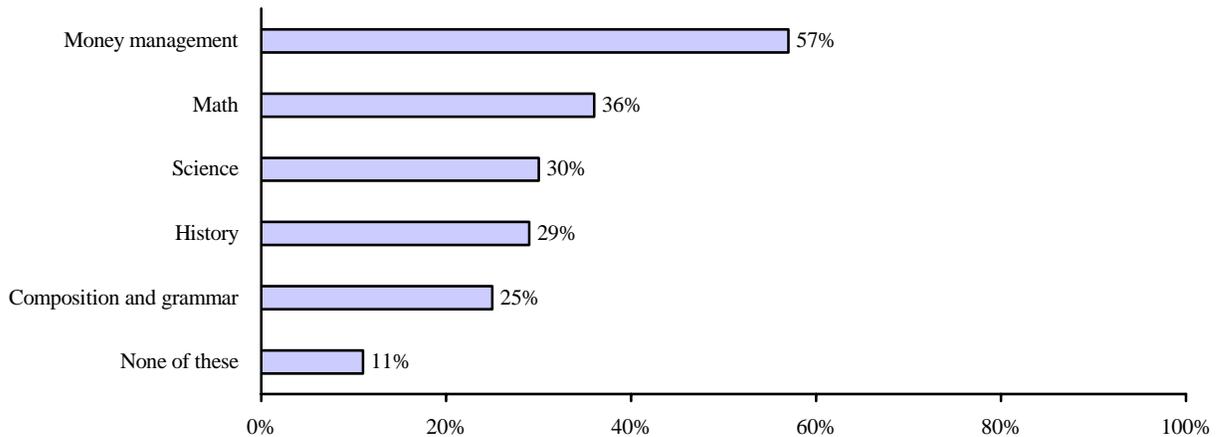


Charles Schwab 2008 Parents & Money Survey Findings
Insights into Money Attitudes, Behaviors and Concerns of Parents with Teens

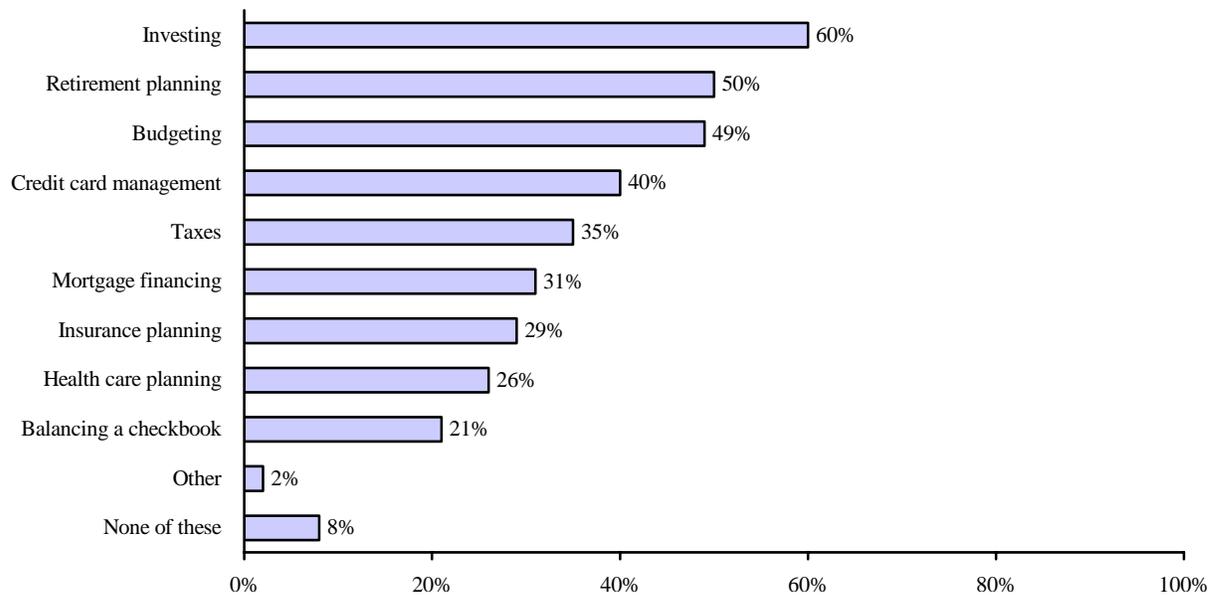
PARENTS' REFLECTIONS ON THEIR OWN TEENAGE YEARS

- **Today's parents wish they had learned more about money management in their youth:**
 - Asked to identify the topics they wish they had learned more about when they were teenagers, the greatest percentage (57%) choose "money management."

Topics parents wish they had learned more about when they were teenagers



Financial topics parents wish they had learned more about as teenagers



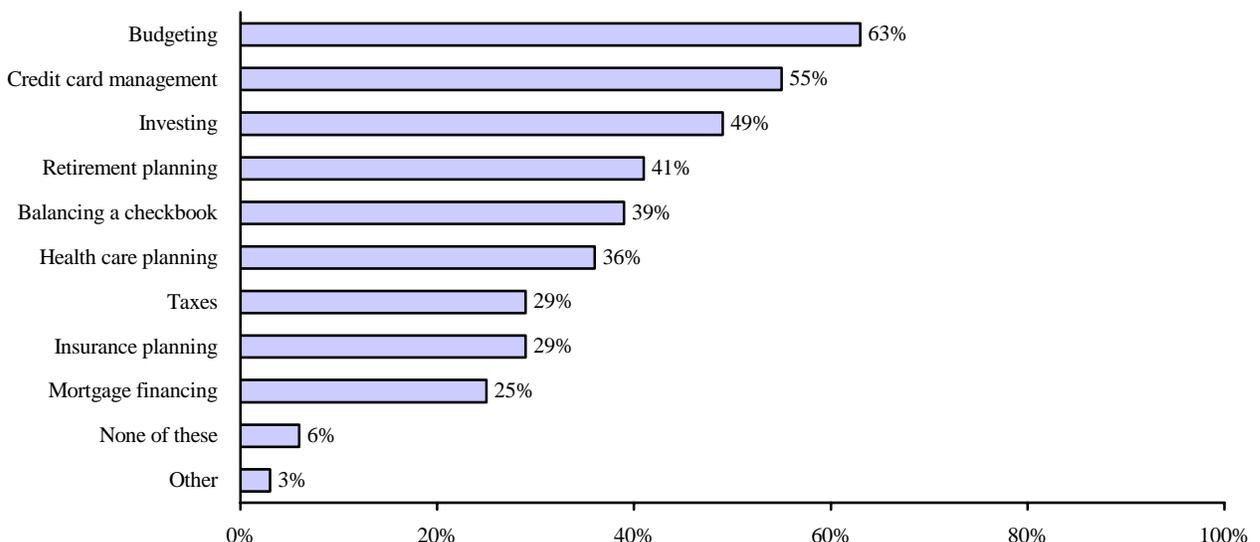
- Moms are more likely than dads to wish they'd learned about money management at an early age – particularly lessons in budgeting (53% vs. 45%) and credit card management (47% vs. 34%).

- **The majority of parents today believe that their own parents were good financial role models:**
 - Sixty-nine percent say their own parents were good financial role models for them when they were a teen (46% describe their parents as “fairly good” and 23% as “extremely good),
 - Almost a third (31%) report otherwise. Twenty-two percent characterize their parents as “not very good” and 8% say they were “poor” role models.
- **The majority of today’s parents say they were financially independent by age 21:**
 - Seventy-seven percent say that by age 21 their parents had stopped supporting them financially in any way.
 - Fifty percent state that between ages 16-18 they had become financially independent.
 - Only about one in five (21%) of today’s parents was age 22 or older before becoming financially independent.

PARENTS’ PERCEPTIONS OF THEIR TEENS’ MONEY KNOWLEDGE AND BEHAVIOR

- **Parents don’t realize their teen is interested in learning about personal finance:**
 - Two-thirds (67%) of parents believe that learning about money management (including budgeting, saving and investing) is **not** one of their teen’s top priorities.
 - The Schwab 2007 Teens & Money Survey showed otherwise: Almost two thirds (60%) of teens stated that learning about money management **was** one of their top priorities.
- **The majority of parents think their teen is knowledgeable about money management:**
 - Two-thirds (67%) of parents think their teen is knowledgeable about money management (57% say “somewhat knowledgeable,” and 10% say “extremely knowledgeable”).
 - However, one-third (33%) of parents believe their teen is not knowledgeable about money management.
- **But parents view teens as spenders, not savers:**
 - More parents describe their teen as a “Quick Spender” (60%) as opposed to a “Stellar Saver” (40%).

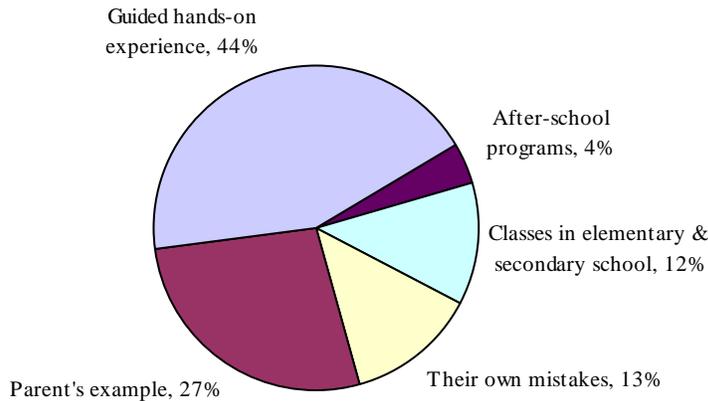
Money management topics parents cite as being more important for today’s teens (as compared to when they were teens)



PARENTS AS MONEY COACHES AND ROLE MODELS

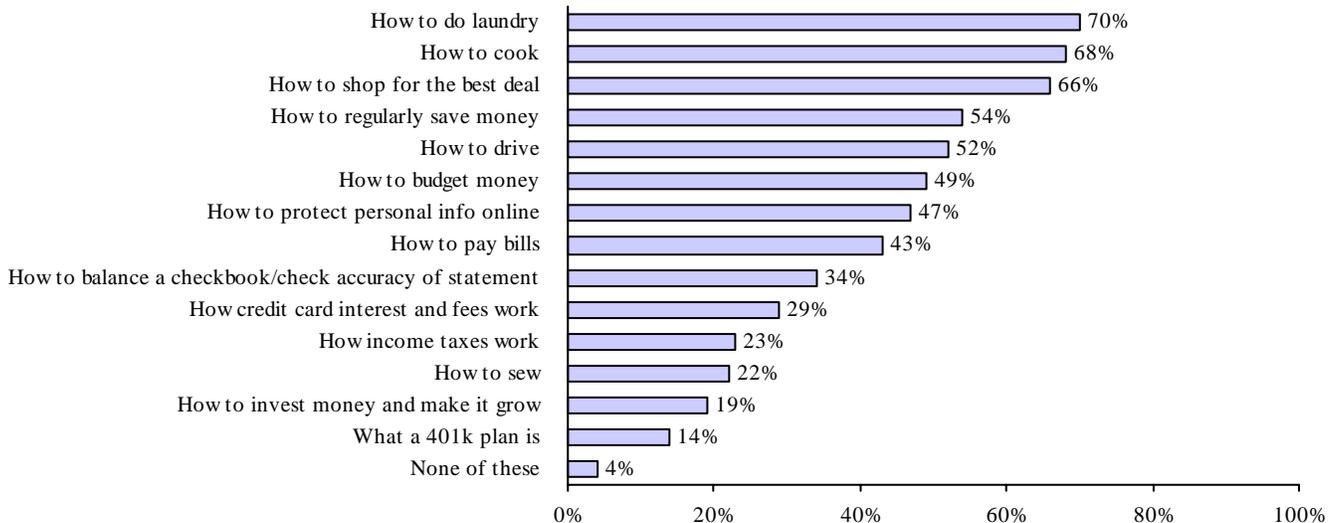
- **There's an opportunity to involve teens more in the family finances:**
 - Only one in five parents (20%) involve their teen in family budgeting and spending decisions "to a great extent, so they can learn by doing."
 - More than half (55%) involve their teen only "occasionally, when it makes sense," and a quarter (25%) of parents don't involve their teen at all. Of those who don't involve their teen at all, 14% say "it's not appropriate" or "it never occurred to me" (11%).

The best way for teens to learn about money management (according to parents)



- **Teens may be missing out on hands-on learning opportunities:**
 - Only one-third (33%) of parents say their teen has a paying job.
 - Teens with jobs are more likely to be savers than teens who don't work (49% vs. 35%).
 - While the majority (61%) of teens have savings accounts, only 24% have checking accounts.
 - Nearly one in three (30%) teens have no financial account whatsoever.

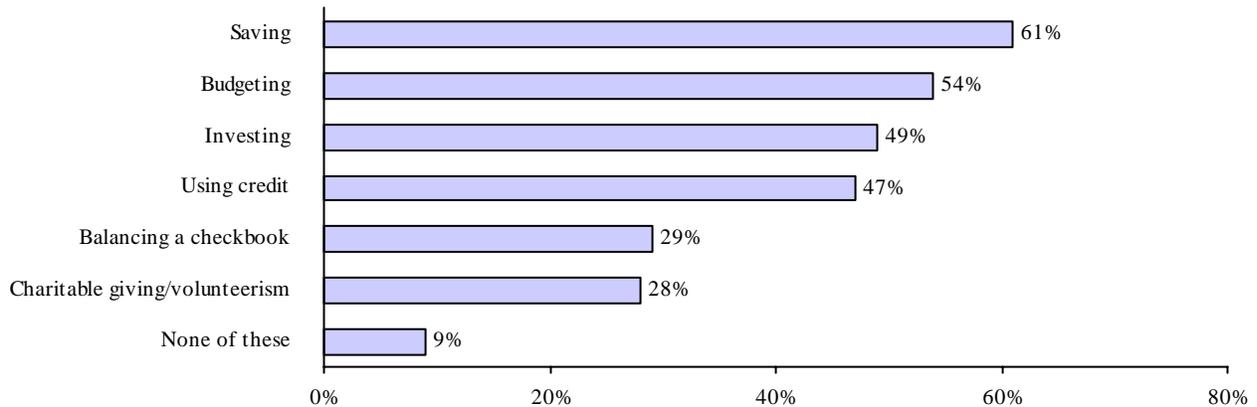
What parents have personally taught their teens



- **Most parents think they are financially savvy – but are they?**
 - Three-quarters (75%) of parents think they are financially savvy when it comes to budgeting, saving, managing credit and investing. Sixteen percent of these say they are “extremely savvy” and 59% say “somewhat savvy” (59%).
 - One in five (20%) admit they are “not very savvy,” and a handful (5%) say they are “not at all savvy.”
 - More than two-thirds (69%) of parents feel less prepared to give their teen advice and guidance about investing than they do the “birds and bees.”
 - Almost one-third (32%) of parents don’t have an investment portfolio or retirement account; and more than one in four (28%) say they are not saving either for their own retirement or for their teen’s college education.

- **Most parents think they are good financial role models – but there’s room for improvement:**
 - Three-quarters (75%) of parents characterize themselves as good role models.
 - Overall, more moms than dads think they are successful in raising “moneywise teens (83% of moms vs. 72% of dads).
 - One third (33%) of parents say their spouse or partner is not a good financial role model.
 - Most parents describe themselves as a “Quick Spender” (52%) vs. a “Stellar Saver” (48%).

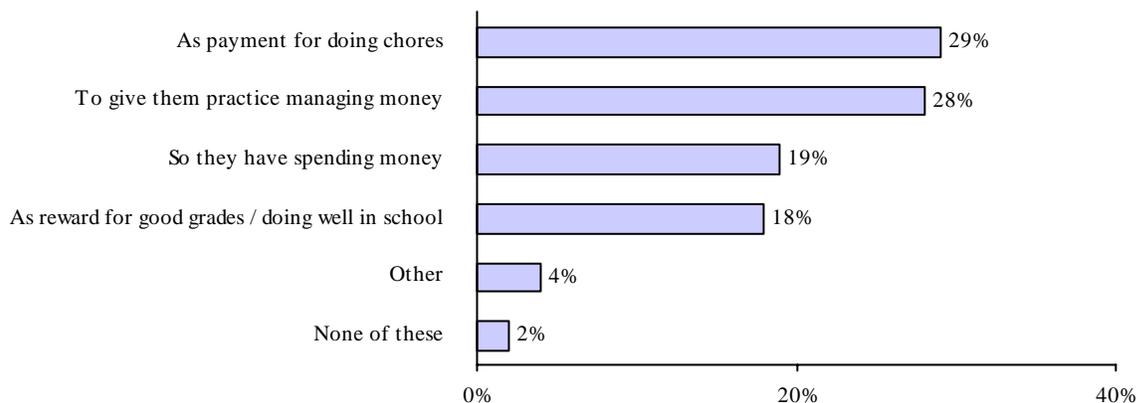
Areas where parents feel they could do a better job teaching & preparing their teens



TEENS AND ALLOWANCE

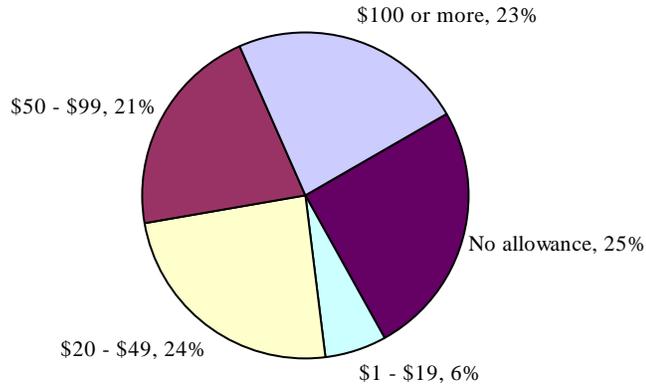
- **Parents give their teens an allowance for a variety of reasons.**

Top reasons parents give their teens an allowance



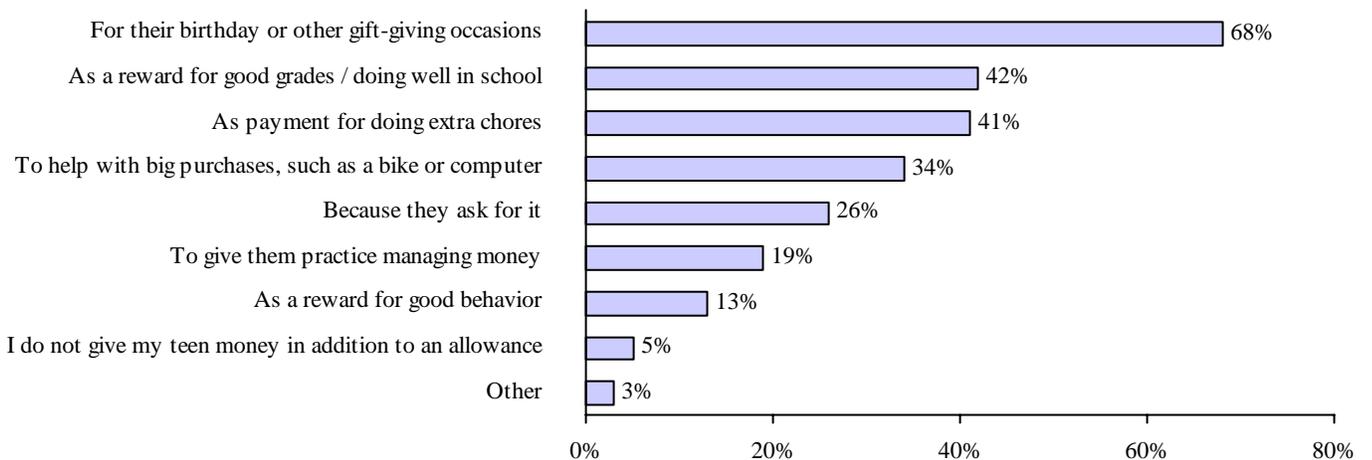
- **There's no "standard" for giving an allowance:**
 - On average, parents give their teens an allowance of \$94/month.
 - One in four (24%) parents does not give their teen any allowance at all.
 - Nearly two out of three (60%) parents say their teen began receiving a regular allowance between seven and 12 years old.

How much allowance teens receive monthly



- **Among parents who give their teen an allowance, more than half (52%) require their teen to use it to pay for at least some necessities:**
 - Necessities that parents expect their teen to at least partially pay for include: clothing (32%), transportation (21%), and food (21%) – defined as lunch or groceries.

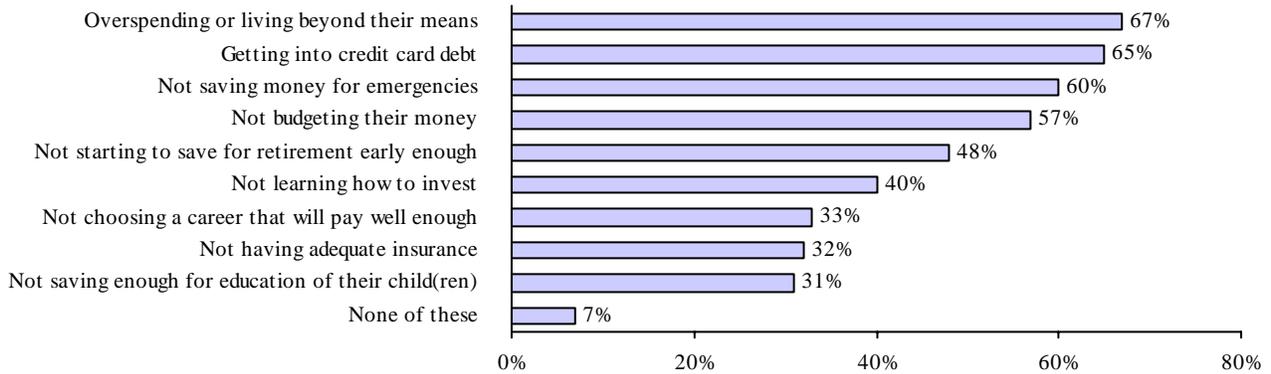
Reasons parents give teens extra money on top of regular allowance



PARENTS' VIEW OF THEIR TEENS' FINANCIAL FUTURE

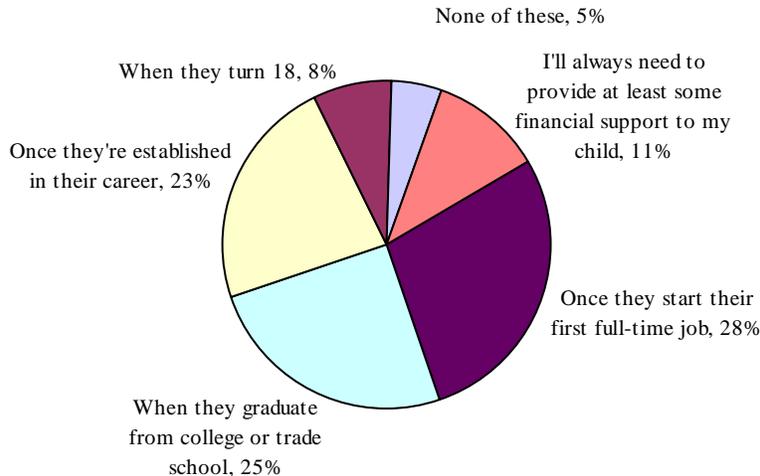
- **Parents express optimism about their teens' future financial success:**
 - The majority (56%) of parents think their teen will do "better" financially than they have.
 - About one in four (24%) think their teen will do "the same" as they have.
 - Fewer than one in ten (9%) think their teen will do worse.
- **Yet an overwhelming majority of parents have worries, too:**
 - Ninety-three percent of parents worry their children may make financial missteps.

Financial missteps parents are afraid their teens might make



- **Parents anticipate a boomerang effect:**
 - Nearly three out four (71%) parents think it is likely that their child will move back home (or stay at home) for at least a little while after finishing schooling.
 - On average, parents say they would allow their child to live at home for six months before asking them to contribute toward the household expenses.
 - Twenty percent of parents say they would "never" ask their child to contribute to the household expenses.

When parents anticipate they will no longer need to provide at least some financial support to their child



- **Parents are divided about needing support from their kids in their “golden years:”**
 - Equal numbers of parents think “they will help me” (33%), “I will help them” (33%) and “neither generation will need help” (35%).
 - Dads are more cynical about this than moms; nearly four in ten (39%) anticipate their child will need help vs. just 26% of moms.

- **Expectations for teens’ retirement:**
 - Half (50%) of all parents think their teens will need to have less than \$500,000 saved to retire by age 65.
 - Almost four out of ten (38%) parents believe their teen will need less than \$200,000.

About the Parents & Money Survey

The *Parents & Money* survey was conducted by Kelton Research, a research consulting firm, on behalf of Schwab. The nationally-representative online survey polled 1,000 American parents with teens between the ages of 13-18 to better understand their views, behavior and knowledge of spending, saving, borrowing, and earning money. The survey findings have a margin of error of plus or minus 3 percentage points at the 95 percent confidence level.

About Charles Schwab

The Charles Schwab Corporation (Nasdaq: SCHW) is a leading provider of financial services, with more than 300 offices and 7.1 million client brokerage accounts, 1.3 million corporate retirement plan participants, 286,000 banking accounts, and \$1.4 trillion in client assets. Through its operating subsidiaries, the company provides a full range of securities brokerage, banking, money management and financial advisory services to individual investors and independent investment advisors. Its broker-dealer subsidiary, Charles Schwab & Co., Inc. (member SIPC, <http://www.sipc.org>), and affiliates offer a complete range of investment services and products including an extensive selection of mutual funds; financial planning and investment advice; retirement plan and equity compensation plan services; referrals to independent fee-based investment advisors; and custodial, operational and trading support for independent, fee-based investment advisors through its Schwab Institutional division. The Charles Schwab Bank, (member FDIC) provides banking and mortgage services and products. More information is available at www.schwab.com. (0308-5254)

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